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October 9, 2012

Public Service Commission of Wisconsin
610 N. Whitney Way
Madison, WI 53705

Re: Madison Water Utility Opt-out Policy

Dear Commissioners,

Madison Water Utility is requesting the approval of an Opt-out Policy for use in conjunction with Project H₂O, our Advanced Metering Infrastructure project.

A Public Hearing was held before staff on Monday, September 24, 2012 at the administrative offices of Madison Water Utility to receive comments from our customers on the Draft Opt-out Policy. We are including Public Hearing comments and appearance slips from the Public Hearing as supporting documents for this filing. The Madison Water Utility Board also reviewed the draft policy at a special meeting on Thursday, September 27, 2012. The Water Utility Board made a few changes to the Policy and then submitted it to the Madison Common Council. The Common Council considered the draft policy at its meeting on Tuesday, October 2, 2012 and made a change to the draft policy before approving it.

We are proposing two options, and both have fees associated with them. "Option 1" is to have the Electronic Reading Transmitter (ERT) mounted to the outside of a residence/building instead of a standard inside mount installation. We are requesting a one-time \$50.69 fee for the duration of Project H₂O, and after the project is completed we would charge actual cost for the outside placement of an ERT. The basis for the \$50.69 charge can be found in the attached "Justification for Option 1 Outside Mount Charge." That is a change order to our existing contract for an outside mount of \$69.50 less the contract amount paid for a standard inside mount of \$18.81, which leaves a difference in cost to the Utility of \$50.69.

"Option 2" is to opt-out of having an ERT installed on the property. It is outlined in the document "Non-Standard meter reading charge for Option 2". We began with a monthly fee of \$15.42 as outlined in the table within the document. This was based on collecting a manual read every month. The Water Utility Board amended the charge to \$7.78 by asking us to estimate

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two bills and then use an actual read for the third bill. The document for Option 2 explains the board's rationale for the change.

The Madison Water Utility believes that the implementation of an Opt-out Policy is in the best interest of both the Utility and its customers. As long as the total number of opt-outs choosing Option 2 does not exceed 1½% of our customer base, providing an opt-out would not be detrimental to the goals of Project H₂O and the Madison Water Utility.

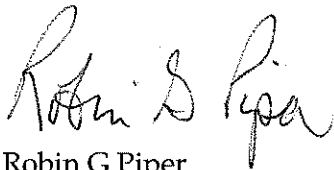
Documents included with this filing include:

- The timeline for Project H₂O from the beginning through the October 2 Common Council Meeting.
- September 24 Public Hearing comments and appearance slips
- The Draft Opt-out Policy and the Opt-out form
- Justification for the Option 1 Outside Mount Charge
- Non-Standard meter reading charge for Option 2

Thank you,



Tom Heikkinen
General Manager
Madison Water Utility



Robin G Piper
Customer Service Manager
Madison Water Utility